

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO
RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO,
et al.,

Debtors.¹

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

Re: ECF No. 23625

**THE PUERTO RICO FISCAL AGENCY AND FINANCIAL ADVISORY
AUTHORITY'S STATUS REPORT REGARDING THE GOVERNMENT OF PUERTO
RICO'S RESPONSE TO RECENT ACTIVITIES, INCLUDING COVID-19 PANDEMIC**

To the Honorable United States District Judge Laura Taylor Swain:

The Puerto Rico Fiscal Agency and Financial Advisory Authority ("AAFAF"), through its undersigned counsel, submits this status report on behalf of the Government of Puerto Rico (the "Government") in response to the Court's *Order Regarding Procedures for March 15-16, 2023, Omnibus Hearing* [ECF No. 23625], and states as follows:

¹ The Debtors in these Title III cases, along with each Debtor's respective Title III case number listed as a bankruptcy case number due to software limitations and the last four (4) digits of each Debtor's federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (the "Commonwealth") (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481), (ii) Employees Retirement System of the Government of the Commonwealth of Puerto Rico ("ERS") (Bankruptcy Case No. 17-BK-3566(LTS)) (Last Four Digits of Federal Tax ID: 9686), (iii) Puerto Rico Highways and Transportation Authority ("HTA") (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808), and (iv) Puerto Rico Sales Tax Financing Corporation ("COFINA") (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (v) Puerto Rico Electric Power Authority ("PREPA") (Bankruptcy Case No. 17-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority ("PBA") (Bankruptcy Case No. 19-BK-5233-LTS) (Last Four Digits of Federal Tax ID: 3801).

PRELIMINARY STATEMENT²

The Government remains engaged in reconstruction endeavors to repair damage caused by Hurricane Fiona and Hurricane Maria. It has continued working on recovery and resilience efforts with various Commonwealth and federal government agencies, including the Federal Emergency Management Agency (“FEMA”) and the Financial Oversight and Management Board for Puerto Rico (the “Oversight Board”). Notably, as of February 12, 2023, FEMA has committed over \$29,000,000.00 to the Public Assistance Program for approximately 10,500 reconstruction projects in Puerto Rico.³ Additionally, as of February 16, 2023, over \$2.8 billion have been approved through the Hazard Mitigation Grant Program (“HMGP”) for a total of 67 projects to (i) address damages caused by Hurricane María, and (ii) prepare the Island for any future disasters.⁴ These initiatives, coupled with the advances received under the Working Capital Advance (the “WCA”) program, have collectively resulted in a substantial increase in reconstruction projects, as further detailed below.

Puerto Rico is on its way to fulfilling its energy generation goals through renewable sources and the Government continues to reiterate its commitment to continue incorporating solar energy, storage, and virtual plant technologies.⁵ In fact, on January 30, 2023, the Governor highlighted

² Defined terms not otherwise defined herein shall have the same meaning given to them in *The Puerto Rico Fiscal Agency and Financial Advisory Authority’s Status Report Regarding the Government of Puerto Rico’s Response to Recent Activities, Including COVID-19 Pandemic* (the “January 31, 2023 Report”) [ECF No. 23447].

³ See COR3 Press Release, *Instalaciones De Base De Fe En La Isla Se Repararán Con Unos \$498 Millones De FEMA* (Feb. 12, 2023), <https://recovery.pr.gov/es/press-releases/instalaciones-de-base-de-fe-en-la-isla-se-repararan-con-unos-498-millones-de-fema>.

⁴ See COR3 Press Release, *Generadores Con Fondos De FEMA Aportarán A Instalaciones De Servicios De Seguridad Más Estables* (Feb. 16, 2023), <https://recovery.pr.gov/en/press-releases/generadores-con-fondos-de-fema-aportaran-a-instalaciones-de-servicios-de-seguridad-mas-estables>. As detailed below, the progress of HMGP projects can be publicly accessed through COR3’s *Road to Resiliency* portal, located in its website. <https://recovery.pr.gov/es/road-to-resilience/hmgrp-qpr/table>.

⁵ See COR3 Press Release, *Puerto Rico: Encaminado Hacia La Energía Renovable* (Jan. 30, 2023), <https://recovery.pr.gov/es/press-releases/puerto-rico-encaminado-hacia-la-energia-renovable>.

that, during the previous two (2) years, 45,000 solar systems have been interconnected to Puerto Rico's electric grid, and over \$350 million in CDBG-DR and ARPA funds have been assigned for the installation of solar systems and batteries in over 10,000 residences and 1,900 small businesses. These funds are in addition to, among others, (i) the \$500 million in CDBG-MIT funds to provide resilience with solar systems and batteries to close to 20,000 additional low-income families, and (ii) the \$1,300 million CDBG-DR energy program to develop microgrids and energy projects distributed in critical communities and zones in the Island.

As AAFAF informed the Court at the last hearing, PREPA's retirement system, the Sistema de Retiro de los Empleados de la Autoridad de Energía Eléctrica ("SREAEE") has informed its members that it may not have sufficient liquidity to pay retirement benefits starting as early as May 2023. PREPA and AAFAF continue to diligence the funding need and timing. The Government's public policy has been, and continues to be, to protect Puerto Rico's retirees and to ensure that retiree benefits do not go unpaid. PREPA is seeking Oversight Board authorization to amend its budget to make an additional employer contribution from operating cash on hand. AAFAF is also overseeing the central government transfer to the SREAEE of funds appropriated pursuant to Section 13 of the Commonwealth Amended fiscal year 2022 Budget Resolution of Puerto Rico's Legislative Assembly, certified on February 21, 2022, for employer contributions related to former PREPA employees that were transferred to other government agencies and opted to remain in the PREPA retirement system as permitted under Act 120-2018, as amended by Act 17-2019. AAFAF will provide a further update to the Court at the next omnibus hearing.

Lastly, the Puerto Rico Department of Health (the "DOH") continues to monitor COVID-19 infections, and, although the DOH has observed notable reductions in the COVID-19 positivity rate since the January 31, 2023 Report, it remains vigilant in its efforts to reduce the spread and

continues to work closely with experts to adopt any necessary additional measures or modify existing ones.

I. Update on Reconstruction and Resiliency Endeavors⁶

1. The Government continues to disburse federal aid under the Governor's public policy initiative to restore crucial infrastructure. The various disbursements made, and important developments, since the January 31, 2023 Report include:

- On February 2, 2023, COR3 announced that, for the year 2023, it estimates advances to be received under the WCA program to be \$534.8 million for approximately 510 groups of reconstruction projects for municipalities, government dependencies and non-profit organizations.⁷ COR3 further announced that, as of that date, municipalities, government dependencies and non-profit organizations had 119 FEMA approved proposals for the HMGP, with an estimated approved amount of \$225.7 million, and that, for such HMGP proposals, a request of a 20% advance from the WCA is available. COR3 highlighted the importance of HMGP risk mitigation projects, which address situations such as flood control, mitigation of the effects of climate change, renewable energy, structure reparations for seismic damages, and landslides.
- On February 5, 2023, COR3 announced that, following the conclusion of a series of tests and the issuance of a certification of environmental compliance by the U.S. Environmental Protection Agency, it reimbursed PREPA \$53.5 million for the prior purchase and installation of three mega-generators in the Palo Seco thermoelectric plant of Palo Seco, Toa Baja, which (i) can generate up to 81 megawatts of energy and are capable of operating with natural gas, (ii) contribute to the stabilization of energetic charges to avoid massive interruptions in the Island's electric service, and (iii) can also be used as alternate energy sources when repair works are done in other generating plants.⁸
- On February 12, 2023, COR3 announced that over 800 churches and worship centers have either finished reconstruction and restoration works or have been

⁶ AAFAF obtained the data and information provided herein directly from COR3.

⁷ See COR3 Press Release, *COR3 Recibe Solicitudes Del Working Capital Advance Para Proyectos Con Desembolsos Previos* (Feb. 2, 2023), <https://recovery.pr.gov/es/press-releases/cor3-recibe-solicitudes-del-working-capital-advance-para-proyectos-con-desembolsos-previos>.

⁸ See COR3 Press Release, *COR3 Reembolsa Millones Por Compra E Instalación De Tres Mega Generadores En Toa Baja* (Feb. 5, 2023), <https://recovery.pr.gov/es/press-releases/cor3-reembolsa-millones-por-compra-e-instalacion-de-tres-mega-generadores-en-toa-baja>.

assigned federal assistance, with approximately \$498 million in FEMA funds.⁹ The restoration projects include spaces that were damaged by the passing of Hurricane Maria and the 2020 earthquakes. COR3 highlighted the importance of these organizations, noting that these contribute to social development and offer community support services.

- On February 16, 2023, the Government announced that FEMA, through the HMGP program, assigned approximately \$2 million to the first phase of a project to purchase and install electricity generators in 35 police stations and 39 community PBA government centers.¹⁰ This project would allow police stations, courts, government centers, and response offices to continue providing services even during blackouts. Furthermore, an HMGP municipal project in Cabo Rojo, consisting of the installation of an electricity generator to provide reserve energy sources in the municipal police station and the emergency management office, was completed.
- On February 17, 2023, COR3 announced that information on the progress of FEMA's HMGP projects is publicly available in the *Road to Resilience* portal of its website, which tracks the current stages of the development of risk mitigation projects.¹¹
 - Further, the information located in the *Road to Resilience* portal corresponds to the data provided by requesting entities in their *Quarterly Progress Reports* ("QPRs"), as part of federal compliance requirements for the HMGP. In contrast to the projects funded through the Public Assistance Program, through the HMGP, proposals are submitted to FEMA for evaluation and approval, and, once such process is finalized, FEMA authorizes an amount for each project, but obligates such funds by phases as execution of such projects progresses.
 - As reflected in the *Road to Resilience* portal, there are currently 107 HMGP approved projects being executed. The total amount of funds authorized for all HMGP project phases is \$2,470,903,426. As explained by COR3's executive director, during the next months, the Government expects an increase in the execution of projects, due to the availability of the WCA, which, as of February 2023, had already disbursed

⁹ See COR3 Press Release, *Instalaciones De Base De Fe En La Isla Se Repararán Con Unos \$498 Millones De FEMA* (Feb. 12, 2023), <https://recovery.pr.gov/es/press-releases/instalaciones-de-base-de-fe-en-la-isla-se-repararan-con-unos-498-millones-de-fema>.

¹⁰ See COR3 Press Release, *Generadores Con Fondos De FEMA Aportarán A Instalaciones De Servicios De Seguridad Más Estables* (Feb. 16, 2023), <https://recovery.pr.gov/en/press-releases/generadores-con-fondos-de-fema-aportaran-a-instalaciones-de-servicios-de-seguridad-mas-estables>.

¹¹ See COR3 Press Release, *Disponible Ruta A La Resiliencia En Portal De Transparencia* (Feb. 17, 2023), <https://recovery.pr.gov/en/press-releases/disponible-ruta-a-la-resiliencia-en-portal-de-transparencia>; See, COR3 Website, <https://recovery.pr.gov/en/road-to-resilience/hm-gp-qpr/table>.

\$7,164,114.56, to allow subrecipients to initiate the first phases of their projects

- On February 18, 2023, the Governor announced that FEMA had approved the development, through the HMGP, of the first phase of a flood mitigation project of the Department of Natural Resources (“DRNA”) to address floods in the Yagüez river in Mayagüez, with a total cost of \$22.7 million.¹² This project includes, among other things, the development of a concrete retaining wall and a basin for sediments, which will maintain the river’s capacity, protecting the municipal highways to guarantee their access during dangerous natural events, and protecting residents from the loss of their belongings during such events.
- On February 20, 2023, the Governor informed that (i) an agreement between Caribe Tecno, the Municipality of Vieques, and the Puerto Rico Infrastructure Financing Authority (“PRIFA”) was executed for the construction, in three phases, of a new hospital center in Vieques, (ii) that the Municipality of Vieques, by virtue of a collaborative agreement with the DRNA, will administer the Sun Bay bathing resort for a maximum period of fifteen (15) years and (iii) that, as part of an agreement with the Department of Agriculture (“DOA”), a concept of Agri-Cultural Market will be developed to commercialize fresh products elaborated in Puerto Rico.¹³
 - The hospital center of Vieques, with a total estimated investment of \$85.6 million, will result in the construction of premises of approximately 60 thousand square feet, will have several facilities, including a dialysis center, emergency room, imaging area, laboratories, pharmacies, dental and social services, blood infusion area, external clinics, and a heliport. The hospital center, for which a first WCA advance in the amount of \$10.8 million has been received, will also have an electric generator, cistern, and new parking space.
 - With regard to the Sun Bay bathing resort, the Municipality of Vieques will operate all facilities located in the premises, in accordance with DRNA public policy guidelines.
 - As to the Agri-Cultura Mercado concept, by virtue of an agreement with several dependencies of the DOA and the Municipality of Vieques, the former José Gautier Benítez school premises will be remodeled and equipped to operate a supermarket and a coffee shop.

¹² See COR3 Press Release, *Anuncian Aprobación De Proyecto De Mitigación En Río Yagüez* (Feb. 18, 2023), <https://recovery.pr.gov/en/press-releases/anuncian-aprobacion-de-proyecto-de-mitigacion-en-rio-yaguez>.

¹³ See COR3 Press Release, *COR3 Gobernador Anuncia Firma De Contrato Para Comenzar A Construir El Nuevo Centro Hospitalario En Vieques Y Traspaso Del Balneario Sun Bay Al Municipio* (Feb. 20, 2023), <https://recovery.pr.gov/en/press-releases/gobernador-anuncia-firma-de-contrato-para-comenzar-a-construir-el-nuevo-centro-hospitalario-en-vieques-y-traspaso-del-balneario-sun-bay-al-municipio>.

- On February 22, 2023, COR3 announced that, as reflected in the October through December 2022 QPRs, the municipalities, government dependencies, and non-profit organizations continue the development of 8,115 reconstruction projects with an estimated obligation of \$5.6 billion.¹⁴ COR3's executive director detailed that an increase of over 2,600 large projects under execution was recorded in comparison to the last quarter of 2021, which entails an increase of approximately \$1.545 billion in obligated funds, attributing the same to, among others, the WCA, and changes in federal regulations obtained as a result of collaborations with FEMA. PREPA, PRASA, the Public Housing Administration and the Department of Education lead 300 reconstruction projects in the execution phase, with an approximate obligation of \$1,753,952.906.
- On February 26, 2023, the Government announced that the facilities that house the Tibes Indigenous Ceremonial Center in Ponce, the Caguana Ceremonial Indigenous Center in Utuado, and the Ceremonial Park Cueva del Indio in Las Piedras, three areas of great archaeological and historical value in Puerto Rico, received an assignment of nearly \$1.6 million from FEMA to repair damages caused by Hurricane Maria.¹⁵ Such sites, which receive thousands of local and international visitors each year, as well as students from Puerto Rico's schools, also serve to promote tourism. The repairs in the Tibes Indigenous Ceremonial Center include the exterior area of the museum, the building that houses exhibits and the parking lots, among others. The Tibes center, open to the public since 1982, considered by many archaeologists to be the oldest indigenous West Indian ceremonial complex and astronomical observatory in the Caribbean, as well as the largest indigenous cemetery in Puerto Rico, and which received about 20,000 visitors last year, will be repaired with nearly \$100,000 in obligated funds. Likewise, over \$1.4 million was obligated to the *Institute of Puerto Rican Culture* for the Caguana Ceremonial Indigenous Center in Utuado, to replace lighting and repair the representation of *bohíos* and other buildings located in the site, such as the museum, an auditorium and the administrative offices, which repairs include fixing roofs, the electrical system, ceiling fans, two septic tanks, gutters and drainage system and benches, among others.
- On March 1, 2023, the Governor announced the reopening of the Benicia Vélez school in the Municipality of Yauco, after the completion of repairs for damages caused by the 2020 earthquakes.¹⁶ The reconstruction of such school, undertaken by PRIFA, which began in December 2021 and concluded on January 29, 2023, with an investment of \$6.3 million, comprised of the construction of seven (7) homerooms, bathrooms, administration areas, a kitchen, diner, and storage rooms.

¹⁴ See COR3 Press Release, *Sin Pausa Incremento En Desarrollo De Proyectos De Reconstrucción* (Feb. 22, 2023), <https://recovery.pr.gov/en/press-releases/sin-pausa-incremento-en-desarrollo-de-proyectos-de-reconstruccion>.

¹⁵ See COR3 Press Release, *Million-Dollar FEMA Injection Revitalizes the Island's Indigenous Parks* (Feb. 26, 2023), <https://recovery.pr.gov/en/press-releases/-million-dollar-fema-injection-revitalizes-the-island's-indigenous-parks>.

¹⁶ See COR3 Press Release, *Pierluisi Anuncia Apertura De Escuela Elemental Modular En Yauco* (Mar. 1, 2023), <https://recovery.pr.gov/en/press-releases/pierluisi-anuncia-apertura-de-escuela-elemental-modular-en-yauco>.

As of the date of reopening, the school will be available for more than 90 students, and by August 2023, will have room for 160 students.

- On March 2, 2023, COR3's executive director announced the approval of a WCA request of DOH, for approximately \$7.3 million, for the reconstruction of the Diagnostic and Treatment Health Center ("CDT" for its Spanish acronym), in the Municipality of Maunabo, which was severely affected by the passing of Hurricane María.¹⁷ This important project for thousands of citizens of the southeast zone of Puerto Rico is one of several projects led by the DOH, which is currently developing 18 reconstruction projects through the Island, with approximately \$106 million in FEMA obligated funds.
- Further, COR3 announced that, per the QPRs for October through December 2022, municipalities are leading close to 2,000 projects, most of which are developments in the Central Cordillera area, and that there is an increase of projects under execution in the category of roads and bridges.¹⁸ As of March 5, 2023, Puerto Rico's Cordillera Central and the public roads that connect the 15 municipalities that are part of it have received funds totaling over \$672 million from FEMA to repair bridges and roads in the area, which are a key element for the safe transportation of residents and for the small businesses that surround such area. According to FEMA's Federal Disaster Recovery Coordinator, Mr. José G. Baquero, 95% of road reconstruction projects have funds assigned for mitigation activities, to prevent damages from happening again.

As of February 27, 2023, the United States Congress has appropriated \$81,298,900,956 for Puerto Rico's recovery efforts. Of this amount, federal agencies have committed approximately \$74,349,533,286 for distribution, and \$27,231,335,260—around 33.49% of the appropriated amounts—has been disbursed. Of these amounts, FEMA, specifically, has committed \$44,825,394,372 and disbursed \$17,367,034,297 (\$30,614,672,714 is committed to Public Assistance, of which \$6,714,811,062 has been disbursed). The COR3 Website details the Government's use of these funds. The COR3 Website is accessible at <https://recovery.pr/en>.

¹⁷ See COR3 Press Release, *COR3 Adelanta Millonaria Cuantía Para Desarrollo De CDT En Maunabo* (Mar. 2, 2023), <https://recovery.pr.gov/en/press-releases/cor3-adelanta-millonaria-cuantia-para-desarrollo-de-cdt-en-maunabo>.

¹⁸ See COR3 Press Release, *Road Renovations In Mountain Towns With FEMA Funds* (Mar. 5, 2023), <https://recovery.pr.gov/en/press-releases/road-renovations-in-mountain-towns-with-fema-funds>.

II. Positivity Rates for the COVID-19 Virus

1. As detailed in previous reports, the DOH maintains a “dashboard” to provide daily updates on COVID-19 related statistics, which the PIC Portal has implemented.¹⁹

2. As reflected in such databases, since the January 31, 2023 Report, the Government has continued observing a reduction of contagions, with a positivity rate of 10.53% as of March 7, 2023, (a decrease of approximately 8.43% when compared to the 19.02% positivity rate as of January 30, 2023).²⁰

III. Status of COVID-19 Vaccination Process and Infections

3. Although the Government has observed a notable reduction as detailed above, it continues to promote COVID-19 vaccinations, including booster shots, as well as the use of face masks, social distancing, constant handwashing, and disinfecting surfaces, as the best way to continue combatting COVID-19’s spread.

4. As noted in previous reports, the DOH adopted the Centers for Disease Control and Prevention’s (“CDC”) definition of being “up-to-date with vaccinations,” which distinguishes between (i) “non-vaccinated,” (ii) “not up-to-date with vaccinations,” and (iii) “up-to-date with vaccinations,” indicating that such distinction provides the most accurate available data.

5. Based on those definitions, as of March 7, 2023, in Puerto Rico there are (i) 1,077,723 individuals (or 33.75% of the population) with “up-to-date vaccinations,” (ii) 1,741,604 individuals with “not up-to-date with vaccinations,” and (iii) 374,367 non-vaccinated individuals.²¹

¹⁹ See <https://covid19datos.salud.gov.pr/>; see also PIC Portal at <https://datos.pr.gov/datacardscollection/salud-dcc>.

²⁰ See *COVID-19 in Figures in Puerto Rico*, <https://covid19datos.salud.gov.pr/> (last visited Mar. 8, 2023).

²¹ See <https://covid19datos.salud.gov.pr/>.

6. Furthermore, as of March 8, 2023, Puerto Rico has had 445,103 confirmed cases, 655,097 probable cases, and 5,816 reported deaths.

7. The Government continues to work closely with experts from various sectors to monitor the virus and adopt or modify any necessary measure or restriction on a timely basis.

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Dated: March 14, 2023
San Juan, Puerto Rico

Respectfully submitted,

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